Ministry of the Economy

Plan for 2016-17

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Government of Saskatchewan

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Statement from the Ministers

The Honourable Bill Boyd

Minister of the Economy

The Honourable Jeremy Harrison

Associate Minister of the Economy

It is our pleasure to present the Ministry of the Economy's Operational Plan for 2016-17.

This plan outlines our Ministry's work and activities for the coming fiscal year. Government Direction and Budget for 2016-17 invests in people and infrastructure to *Keep Saskatchewan Strong*, and initiates a government wide exercise of transformational change to ensure the sustainability of high quality public services delivered in the most effective and efficient way possible.

Before moving forward, we must look back. Even in the face of ongoing energy sector challenges, our economy has remained relatively resilient. Saskatchewan has held the lowest or second lowest unemployment rate in Canada since August 2008. Our population is at an all-time high— 1,142,570 as of January 1, 2016, and is the second-fastest growing province in Canada. Agricultural exports hit a record high for the fifth year in a row in 2015—total sales of over $15 billion. Total capital investment from 2007 to 2014 equals $111 billion, and Saskatchewan continues to be ranked as second in investment attractiveness worldwide by the Fraser Institute on Mining. All of these things speak to a more diversified economy, one where innovation in manufacturing, forestry and resources allow it to stay vital through tough times.

We have more work to do. Together, we are exploring new partnerships and opportunities for increased investment. We are working with employers and employees to create the conditions for long-term business success and meaningful employment. We are developing a skilled labour force and expanding our resource potential, attracting people both domestically and internationally. We are collaborating with our stakeholders, both internally and externally, to identify ways to expand our export markets, to increase trade, to generate new investment and to build on our innovation strengths.

Our Ministry is committed to keeping the province on a path of strength and the economy strong. The goals and objectives which follow will help deliver on that commitment.

Response to Government Direction

The Government of Saskatchewan is committed to building on Saskatchewan's foundational strengths, investing in needed infrastructure and in vital programs and services for the people of our province. The Government has made a simple yet significant commitment – to *Keep Saskatchewan Strong*. This year marks the beginning of a government-wide exercise of transformational change to ensure the sustainability of high quality public services delivered in the most effective, efficient way possible.

This focus will advance Government toward the realization of Saskatchewan's Vision and goals.

Saskatchewan's Vision

"... to be the best place in Canada – to live, to work, to start a business, to get an education, to raise a family and to build a life."

Sustaining growth and opportunities for Saskatchewan people

Meeting the challenges of growth

Securing a better quality of life for all Saskatchewan people

Delivering responsive and responsible government

Saskatchewan's Vision and goals provide the framework for ministries, agencies and third parties to align their programs and services and meet the needs of Saskatchewan's residents.

All ministries and agencies will report on progress in their 2016-17 annual reports.

Operational Plan

Mandate Statement

The Ministry of the Economy advances economic growth to generate wealth and opportunity in Saskatchewan. The Ministry enhances economic growth and competitiveness by attracting investment and removing barriers to growth; regulates responsible resource development by facilitating resource exploration and development within an effective regulatory framework; and supports a robust labour market by developing, attracting and retaining a skilled labour force.

Mission Statement

The Ministry of the Economy advances economic growth to generate wealth and opportunity in Saskatchewan.

Government Goals

Sustaining growth and opportunities for Saskatchewan people
Meeting the challenges of growth
Securing a better quality of life for all Saskatchewan people
Delivering responsive and responsible government

Strategic priority from the Saskatchewan Plan for Growth: sustaining economic growth and addressing the challenges of growth.

Ministry Goal

Advancing Saskatchewan's natural resource and agriculture strengths, particularly through innovation to build the next economy.

Strategy

Ensure royalties are responsive to price cycles and encourage on-going exploration when prices are low, while maintaining a fair return to the province.

Key Actions

- Maintain and monitor the Province's royalties, taxes and regulations to ensure a competitive environment.
- Continue consultations as part of the potash royalty and taxation review.
- Introduce regulations for the competitive diamond specific royalty regime in anticipation of potential diamond development.
- Participate in Federal and Provincial discussions regarding the reduction of greenhouse gas emissions.

Strategy

Update regulations and supporting processes.

Key Actions

- Improve regulatory processes and standards.
- Develop a long-term sour gas management strategy
- Establish a framework for modernizing pipeline regulation.
- Undertake a review of rules regarding the suspension and abandonment of wells.
- Review licensee liability rating formula to ensure that it accurately reflects current industry liabilities.
- Strengthen the single window for the delivery of regulatory services to the oil and gas industry.
- Continue to work with other regulators to harmonize regulatory standards.
- Implement the Enhanced Production Audit Program to increase the accuracy of volumetric information related to oil and gas production.

Strategy

Increase natural resource production.

Key Actions

- Increase mineral production:
  - Attract 15% of national mineral exploration expenditures.
  - Achieve a minimum of $2.5B in mining investment.
  - Work towards advancing mining projects from the feasibility stage to the construction stage.
  - Enhance provincial geoscience database to promote mineral exploration and development.
- Increase oil production:
  - Achieve drilling activity of 1400 wells.
  - Increase initial established oil reserves by 2.5%.
  - Ensure a stable oil and gas royalty regime.
  - Achieve $3.6B of oil investment.
  - Enhance provincial geoscience database to promote oil exploration and development.
- Increase timber harvesting:
  - Work collaboratively with forest industry and other ministries and agencies to ensure Saskatchewan's forestry sector remains globally competitive.
  - Increase forestry sector investment and export of forest products.
  - Ensure regulations foster a business climate conducive to successfully operating in a globally competitive environment.
  - Engage with Northern and First nation partners to enhance First Nations and Northern participation in Saskatchewan's forest and other resource sectors.
  - Develop a multi-year investment attraction plan with sub-sector and geographic targets.

Performance Measures

Saskatchewan Value of Mineral Sales

Achieve a value of mineral sales of $7.9B in 2016.

Saskatchewan Crude Oil Production

Produce 164.5 million barrels of crude oil barrels in 2016.

Saskatchewan Provincial Forest Timber Harvest

Continue to exceed the year over year timber harvest levels, with target of 50% increase by 2020 (over the 2012-13 base year level of 2.82 million cubic metres).

Maintain number one Canadian ranking in Fraser Institute global petroleum survey policy perception index.

Maintain number two global rankings in Fraser Institute Survey of mining companies' investment attractiveness index.

Government Goals

Sustaining growth and opportunities for Saskatchewan people	**Meeting the challenges of growth**	Securing a better quality of life for all Saskatchewan people	Delivering responsive and responsible government

Strategic priority from the Saskatchewan Plan for Growth: sustaining economic growth and addressing the challenges of growth.

Ministry Goal

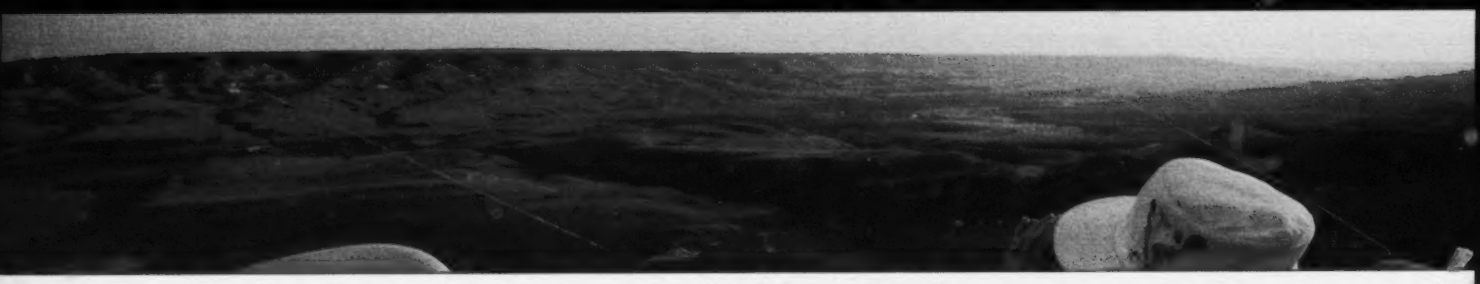
Develop, attract and retain skilled workers.

Strategy

Increase the number of people working in Saskatchewan.

Key Actions

- Align skills provision to needs of the economy.
  - Engage employers in reviewing and strengthening labour market programming.
  - Support planning and initiatives with the province's post-secondary institutions to improve labour market performance including phased implementation of apprenticeship harmonization and mobility initiatives.
  - Work with the federal government to realign the Canada-Saskatchewan Job Grant and other federal investments to improve responsiveness to employer needs.
  - Support the development of specialized training capacity with partners in support of priority sectors.
- Attract skilled workers to Saskatchewan's labour force.
  - Assist employers with navigating their options for domestic recruitment and retention of temporary and permanent foreign workers.
  - Raise the profile of Saskatchewan among interprovincial and international job seekers.
  - Work with the federal government to increase permanent immigration to Saskatchewan by raising the Saskatchewan Immigrant Nominee Program (SINP) cap to 6,000.
  - Ensure the SINP remains responsive to current and projected labour and skills demand.
- Engage under-represented groups.
  - Increase funding to the Employability Assistance Program for Persons with Disabilities.
  - Improve access to and outcomes from investments in youth and First Nations and Métis workers.
  - Support implementation of the provincial disability strategy and poverty reduction strategy.
- Retain skilled workers, including young and mid-career workers.
  - Increase use of employer funded training and other initiatives to develop the skills of existing workers and support their career growth and productivity.
  - Launch targeted initiatives for older workers.
  - Ensure newcomers can fully utilize their skills and work experience by investing in settlement services and foreign qualification recognition.
  - Increase the coordination of provincial and federal investments in settlement support service to better address the needs of newcomers to Saskatchewan.
  - Provide legal support for proceedings under The Foreign Worker Recruitment and Immigration Services Act.



Performance Measures

Employment Levels in Saskatchewan

Increase employment to 579,700 in 2016, and continue progress toward 608,400 to meet the Growth Plan target of 60,000 more people working in Saskatchewan by 2020.

Government Goals

Sustaining growth and opportunities for Saskatchewan people

Meeting the challenges of growth

Securing a better quality of life for all Saskatchewan people

Delivering responsive and responsible government

Strategic priority from the Saskatchewan Plan for Growth: sustaining economic growth and addressing the challenges of growth.

Ministry Goal

Ensure the on-going competitiveness of Saskatchewan's economy.

Strategy

Remain amongst the most competitive provinces in Canada.

Key Actions

- Maintain capital investment level in the $16 billion or greater range.
  - Target global resource industry investors in key markets to attract investment in the sectors of value-added agriculture, oil and gas, mining, manufacturing and forestry by leading/supporting sector development and investment attraction missions; hosting foreign delegate in-house information sessions; and supporting these efforts with targeted marketing/media relations strategies.
  - Increase investment into innovation initiatives under the Invest in Saskatchewan Program.
  - Develop options for consideration for a redesign of the employee investment portion of the Invest in Saskatchewan Program.
  - Conduct comparisons of the resource sectors with other jurisdictions to ensure competitiveness.
  - Assess the competitiveness of Saskatchewan's labour force, compared to competing jurisdictions, from the perspective of skills and availability of workers.
  - Develop a robust method for assessing and monitoring the competitiveness of Saskatchewan's business environment.

Strategy

Maintain strong collaborative relationships with other ministries/agencies whose regulatory activities have an impact on development.

Key Actions

- Maintain tax competitiveness and a favorable regulatory environment to attract and retain businesses in Saskatchewan.
  - Identify and remove barriers to business and investment in Saskatchewan.
- Review business regulations to reduce barriers to growth.
  - Government to review a minimum of 29 business regulations annually.

- Maintain close working relationship with the Ministry of Environment and other ministries to identify and overcome hurdles in natural resource development.
  - Collectively address barriers to growth for continued mineral, oil and gas, value-added agriculture, and timber harvesting development in Saskatchewan.

Performance Measures

Private Investment in Saskatchewan

Maintain private capital investment in Saskatchewan at $16 billion or greater.

Red Tape Cost Savings

Annual Government red tape cost savings of $5 million or more.

Government Goals

Sustaining growth and opportunities for Saskatchewan people

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Strategic priority from the Saskatchewan Plan for Growth: sustaining economic growth and addressing the challenges of growth.

Ministry Goal

Increase trade, investment and exports through international engagement.

Strategy

Better align and coordinate the Ministry's resources among economic partners.

Key Actions

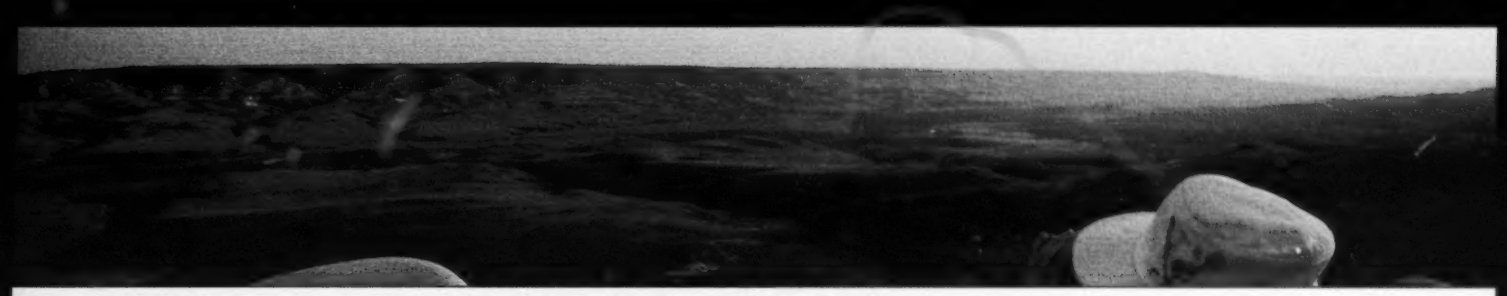
- Strengthen inter-governmental and commercial relationships.
  - Identify supply chain linkages and procurement opportunities to Saskatchewan businesses, manufacturers and processors.
- Increase foreign direct investment in primary and value-added industries.
  - Implement a systematic approach to investment attraction, through opportunity identification, lead generation/ qualification, project expediting and after-care.

Strategy

Build the Saskatchewan brand around the world.

Key Actions

- Increase outreach through missions and promotions.
  - Increase promotion of investment opportunities in Saskatchewan in key markets around the world.
  - Lead investment attraction missions and host incoming missions for companies to explore investment opportunities.
  - Continue to target investors in priority sectors through national and international marketing in alignment with strategic sector business plans.



- Develop existing and new trade markets.
  - Increase promotion of trade/export opportunities in Saskatchewan in existing and new markets.
  - Encourage, initiate and support incoming missions from companies in new or emerging markets.

Performance Measures

Investment in Saskatchewan

Investment/reinvestment "wins" in the amount of $1 billion each year.

A "win" is a confirmed investment by a company from outside Saskatchewan into the province, or a reinvestment from a company inside Saskatchewan, and where the ministry efforts supported an investment decision and the company would acknowledge it. It could take the form of establishing a business in Saskatchewan, a joint venture or partnership with an existing business, a merger/acquisition of an existing business, research agreements, or making investment into a company.

Value of Saskatchewan Exports

Maintain exports of $32.6 billion in 2016-17 and continue progress toward the Growth Plan target of doubling exports to $60 billion by 2020.

Government Goals

Sustaining growth and opportunities for Saskatchewan people

Meeting the challenges of growth

Securing a better quality of life for all Saskatchewan people

Delivering responsive and responsible government

Strategic priority from the Saskatchewan Plan for Growth: fiscal responsibility to support growth.

Ministry Goal

Organizational Excellence

Strategy

Implement continuous improvements to achieve organizational excellence.

Key Actions

- Improve financial reporting and accountability.
  - Continue review in areas of risk management and internal audit and implement recommendations as approved.
  - Develop an innovative and efficient mechanism for provision of tax information to clients.
  - Implement a multi-year plan of continuous improvement to ensure efficient and effective delivery of Integrated Resource Information System (IRIS).
  - Review manual invoicing methods for conversion to automated processes.
  - Establish Information Exchange Agreements with the Canada Revenue Agency and other ministries to enhance financial accountability for non-renewable resource companies.
  - Reduce the ministry's footprint as per government guidelines by March 2020.
  - Determine the space needs and plan for the Geological Lab in order to meet the demand of regulatory requirements for core sample storage.

- Ensure the ministry's systems are up-to-date with the required information technology infrastructure to enhance service to citizens and clients.
  - Develop and implement a multi-year strategic plan for effective and efficient IT service delivery related to enhanced service delivery to clients.
  - Implement enterprise solutions for client relations management within the ministry.
  - Implement priority enhancements to the information to the Integrated Resource Information System (IRIS) and Petrinex.
- Ensure knowledge transfer within the Ministry.
  - Continue to increase knowledge and capacity related to budget development, forecasting and reporting and implement changes to the planning, budgeting and reporting processes.
  - Launch a renewed intranet structure to provide better information sharing and collaboration supporting client services.
  - Transition knowledge for the support of IRIS to a long-term service provider.
- Lead and support the development of a high-performing organization and a safe work environment.
  - Provide opportunities for training and professional development of government employees.
  - Engage employees through the continuous improvement of programs and services, with focus on strategic alignment, client needs, effectiveness and efficiency.
  - Focus on continuous health and safety improvement and build internal capacity to make this happen.
- Include the voice of the client/customer in program development.
  - Engage client/customers in program review and lean processes.
  - Implement measures to monitor client satisfaction and to identify priority service enhancements.

Performance Measures

Ministry's footprint measure as comparable to the government guidelines

Continue progress towards reducing the ministry's footprint to 18.6 metres per full-time equivalent by 2020.

Overall client satisfaction

Baseline TBD

Highlights

2016-17 Budget Highlights:

The Ministry of the Economy is working to keep Saskatchewan strong by balancing building for the future with fiscal responsibility by:

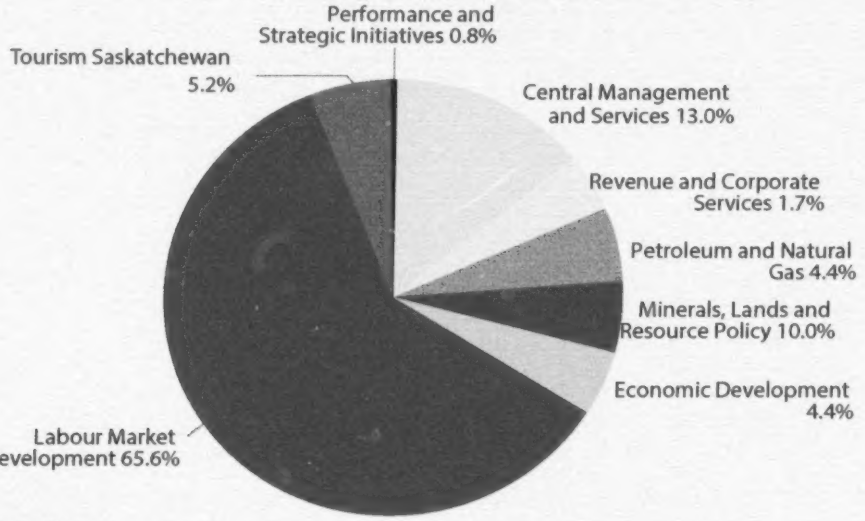
- Increasing the Canada-Saskatchewan Job Grant to meet the requirements for year three of the four year phase-in. This will provide a minimum of 639 training opportunities when fully utilized.
- Increasing the Employability Assistance for People with Disabilities program to address program pressures for 2,545 training opportunities.
- Providing additional funding to continue responsible clean-up and remediation of the uranium mine sites.
- Providing additional funding to support the Integrated Resource Information System (IRIS) to ensure it provides efficient service to the oil and gas industry.
- Realignment of reporting within the Ministry to create a Petroleum and Natural Gas Division with a focused responsibility for regulatory oversight of wells, facilities and pipelines.
- Maintaining the regulatory well levy costs invoiced to the oil and gas industry at 2015-16 levels recognizing the impact market volatility has had across industry.
- Replacing over 20 service fees by introducing a one-time application fee of $600 for new dispositions for the oil and gas industry.

Financial Summary

2016-17 Estimates	(in thousands of dollars)
Central Management and Services	33,746
Revenue and Corporate Services	4,469
Petroleum and Natural Gas	11,466
Minerals, Lands and Resource Policy	26,072
Economic Development	11,397
Labour Market Development	170,341
Performance and Strategic Initiatives	2,181
Total Appropriation	**259,672**
Remediation of Contaminated Sites	(14,030)
Non-Appropriated Expense Adjustment	3,251
Total Expense	**248,893**
FTE Staff Complement	**571.9**

For more information, see the Budget Estimates at: http://www.saskatchewan.ca/budget

Ministry of the Economy 2016-17 Spending by Division


Performance and Strategic Initiatives 0.8%
Tourism Saskatchewan 5.2%
Central Management and Services 13.0%
Revenue and Corporate Services 1.7%
Petroleum and Natural Gas 4.4%
Minerals, Lands and Resource Policy 10.0%
Economic Development 4.4%
Labour Market Development 65.6%

For More Information

Please visit the Ministry's website at http://www.saskatchewan.ca/government/government-structure/ministries/economy